



Department of Energy

Washington, DC 20585

MAY 11 2001

SAMPLE LETTER

In July, 2000, the Department of Energy (DOE) agreed to a contract amendment with PECO Energy (now known as Exelon Generation Corporation) that permitted PECO to reduce the quarterly charges it would normally pay into the Nuclear Waste Fund. This reduction in charges compensates PECO for DOE's delay in beginning to accept spent nuclear fuel for disposal. At the time the agreement was announced, DOE suggested that the PECO Amendment could serve as a model for agreements with other nuclear utilities and several utilities have discussed with DOE contract amendments similar to the PECO Amendment.

Subsequent to the execution of the PECO Amendment, a group of nuclear utilities filed a petition in the United States Court of Appeals for the 11th Circuit challenging the PECO Amendment. They are seeking a determination that DOE exceeded its authority under the Nuclear Waste Policy Act (NWPA) in executing an agreement that permits adjustments of charges of the quarterly fees paid into the Nuclear Waste Fund. Alabama Power Co. v. DOE, case no. 00-16138-J (11th Cir. 2000). This action is in the initial stages of litigation.

Because the Court's action in Alabama Power will determine whether DOE has the authority to create the type of amendment to the Standard Contract that was made with PECO, DOE will await the Court's decision in this case before it engages in further discussions concerning agreements modeled on the PECO Amendment.

Sincerely,

A handwritten signature in black ink, appearing to read "Herbert D. Watkins", is written over a horizontal line.

Herbert D. Watkins
Contracting Officer
Office of Headquarters
Procurement Services



Printed with soy ink on recycled paper